

FINAL BILL REPORT

ESSJR 8206

As Passed Legislature

Brief Description: Creating the budget stabilization account in the state Constitution.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Brown, Zarelli, Eide, Hewitt, Haugen, Franklin, Kilmer, Kauffman, Marr, Rasmussen, Berkey, Sheldon, Keiser, Tom, McAuliffe, Parlette and Rockefeller; by request of Governor Gregoire).

Senate Committee on Ways & Means
House Committee on Appropriations

Background: Initiative 601, adopted by the voters in 1993, established by statute a state General Fund expenditure limit and created the Emergency Reserve Fund. The Emergency Reserve Fund receives all state General Fund revenues in excess of the state expenditure limit. Appropriations may be made from the Emergency Reserve Fund only by a two-thirds vote of the Legislature.

"General state revenues" is defined in the state Constitution as being all state revenues that are not dedicated to a particular purpose. Thus, general state revenues consist of all revenues to the state General Fund, with the exception of property tax revenues, which are dedicated to the common school system.

Summary: The state Constitution is amended to establish a Budget Stabilization Account. Each fiscal year, one percent of general state revenues are deposited to the Budget Stabilization Account.

Moneys may be appropriated from the Budget Stabilization Account by a majority vote of each house of the Legislature if: (1) forecasted state employment growth for any fiscal year is less than 1 percent; or (2) the Governor declares an emergency resulting from a catastrophic event that requires government action to protect life or public safety.

Other withdrawals from the Budget Stabilization Account may be made only by a three-fifths vote of the Legislature.

Investment earnings are retained by the account. To the extent that the balance of the Budget Stabilization Account exceeds ten percent of general state revenues, the Legislature may appropriate the excess balance to the Education Construction Fund (which is statutorily dedicated to K-12 and higher education construction projects).

Employment forecasts and revenue estimates for the Budget Stabilization Account are made by the Economic and Revenue Forecast Council.

The Legislature may enact legislation to implement the Constitutional amendment.

Votes on Final Passage:

Senate 45 3
House 74 23

Effective: July 1, 2008.